

1906 the country was so well supplied with gold that the question was being discussed whether further credits in London might not well be kept there as an exchange fund instead of shipped in metal to Buenos-Aires.¹ President Alcosta, in his annual message of May 11, 1908, announced that on December 31, 1907, the amount of gold in the Conversion Office was \$129,530,000 and the funds in the custody of the bank were \$22,000,000, making together an amount equivalent to £30,308,000. Outstanding against this were paper issues of the face value of \$587,666,000, or about £51,714,000; so that the metallic reserve was fifty-nine per cent, of the notes. In spite of the stress in Europe and America, the banks of Buenos-Aires had been able to increase their deposits within the year from \$754,000,000 to \$783,000,000 and their cash reserves from \$257,000,000 to \$311,000,000.^a

Such was the expansion of business under the influence of stable exchange that foreign capital showed a disposition to enter the country in large amounts. In Southeastern America it was estimated that £65,000,000 of German capital was invested at the end of 1904, and nearly every foreign bank, of which there were British, German, Spanish, and Italian, increased its capital within a few years.³ Seventeen of these institutions were in operation in 1908. So potent was their influence in the money market that the Bank of the Nation felt compelled to ask an increase of its capital to \$100,000,000, in order to increase its branches and to have sufficient resources to regulate the money market by rediscounting for the private banks.⁴ The authority was granted and the new capital was raised on behalf of the nation by the sale of obligations of the National Hypothecary Bank and the issue of internal bonds.⁸ The bank had 104 branches at the close of 1907, and its accounts in paper (in addition to

¹ *Vide London Statist*, Sept. 22, 1906, LVIII, 486.

² *Moniteur des IntMts Materiels*, May 17, 1908, 1634.

³ *London Financial News*, December 27, 1905.

⁴ *London Economist*, April 6, 1907, LXIV., 583.

⁶ *Ibid.*, October 12, 1907, LXV., 1728.